

School Reporting Contact Newsletter Summer 2006

We had great attendance at the 2006 Employer Workshops. It was nice to meet so many of you and finally put faces to names when talking on the telephone. The feedback received was very positive. Your comments, questions, and suggestions are important in our efforts to keep the reporting process running smoothly. Please continue to let us know if there are any issues of interest or concern. We are open to ideas for future presentations.

Enclosed are Recap Reports and Wage & Contribution Reports for disk and paper reporters. For those unable to attend the workshops, we have included the new Employer Reporting Manual and workshop handouts.

NEW RATE!

Effective September 1, 2006, the employee contribution rate will change. Your September 1, 2006, through September 30, 2006, Wage & Contribution report must be withheld, remitted, and reported at the new rate of **7.83%** for all retirement plan eligible employees. The employer match continues to be 101% of member contributions. Take into account your pay cycles so the correct rate is deducted for this September 2006 report. The report will not post if the rate is not correct.

If you use the decimal method of calculating employer contributions, the new employer rate is 7.9083%

Eligibility

Now is the time to re-evaluate employees for **2006-2007** eligibility. Remove anyone no longer meeting the 15 or more hours per week guideline. Look for those who have become eligible, start withholding and reporting their contributions.

It is the responsibility of each employer to determine the eligibility of employees for retirement participation based on the guidelines provided through statutes and rules and regulations. Prior to July 1 each year, all part-time positions should be evaluated to determine eligibility and participation during the approaching year. **Extra duties** available to the position must also be considered when determining eligibility. These employees must be consistently monitored throughout the fiscal year for changes in status or duties affecting the hours worked each week. If the status or duties of an employee change after July 1 or extra duties cause them to exceed 15 hours, they should begin participation. An employee's core position may be less than 15 hours each week but those who consistently perform extra duty may cause their weekly **average** to increase to more than 15 hours over the course of the year. Employees with a weekly average of 15 hours or more at the conclusion of a fiscal year will be considered candidates for make-up contributions and audit findings.

Mileage Reimbursement

Reimbursement for mileage is not considered compensation for retirement. If you have included mileage reimbursement when figuring retirement withholding, adjustments may be necessary. Please contact our office if you need assistance with the adjustment process.

Hiring Retirees

A retiree must wait **180 days** from the date of termination to begin providing service ***on a regular basis in any capacity*** to any NPERS participating Nebraska public school. Within the 180 days following retirement, the amount of hours a retiree is allowed to sub is not defined; however, when a retiree is performing substitute duties during the absence of a permanent employee it should be intermittent only, avoiding substituting on a regular basis. In special circumstances, please write to NPERS for a determination prior to employment.

Retirees returning to coach: If a retiring person is intending to come back as the coach rather than a short term substitute for an existing coach, then a true break in service has not occurred. A retiree, within 180 days of termination, cannot provide service on a regular basis in any capacity whether it is compensated or uncompensated.

Once the 180 day separation is satisfied and a retiree is re-hired...

- They are considered a new employee
- If eligible, retirement participation is mandatory

7% Cap Exemption Reporting Process

The new process for reporting exemptions to the 7% salary cap has been tested and is ready for implementation. A few points to keep in mind when reporting your exemptions are:

1. The exemptions must be reported to our office by September 28 each year.
2. The salary increase is based on salary paid during the plan year. The plan year is July 1 through June 30.
3. The exemptions to be reported are as follows:
 - A – Substantial Change in Duty
 - B – Collective Bargaining Agreement
 - C – Permanent Benefit Change
 - Z – No Exemptions Reported
 - See below for the allowable exemptions as defined in Nebraska State Statute:

§79-902 (35)(e)(i) In the determination of compensation for members on or after July 1, 2005, that part of a member's compensation for the plan year which exceeds the member's compensation with the same employer for the preceding plan year by more than seven percent of the compensation base during the sixty months preceding the member's retirement shall be excluded unless (A) the member experienced a substantial change in employment position, (B) as verified by the school board, the excess compensation above seven percent occurred as the result of a collective-bargaining agreement between the employer and a recognized collective-bargaining unit or category of school employee, and the percentage increase in compensation above seven percent shall not be excluded for employees outside of a collective-bargaining unit or within the same category of school employee, or (C) the excess compensation occurred as the result of a districtwide permanent benefit change made by the employer for a category of school employee in accordance with subdivision (35) (a) (iv) of this section.

4. A reported exemption does not preclude NPERS from requiring further documentation to substantiate the increase in salary.
5. If you have any questions as you complete your Exemption Report, please call Sheryl Hesseltine or Linda Davis and we will be glad to answer questions and provide assistance.

The following is an outline of what you can expect when submitting your report:

- ✓ You will receive a report from NPERS listing those employees who, according to our system, had more than a 7% increase in salary in the 2005-2006 plan year compared to the 2004-2005 plan year.
 - If we have an e-mail address on file for you, the report will be sent through e-mail
 - If we do not have an e-mail address on file for you, a paper report will be sent
 - Do not change the name of the file when saving and/or uploading

It will be your responsibility to add any employees who are not on the report but received more than a 7% increase in salary.

- ✓ If you submit your monthly contribution report by paper or disk, you will submit the Exemption Report by paper. The report should be completed with one of the exemptions listed above for each employee and mailed to our office by September 28, 2006.
- ✓ If you submit your monthly contribution report online, you will submit the Exemption Report online. You should have received an electronic report from our office and will need to save this file to your computer. The file should be opened, exemptions added, and the file saved with the same file name. Once the file is ready for reporting, there are two online options available:
 - Manually enter the exemption information
 - Upload your exemption information
- ✓ You are not required to use the file provided by NPERS for your exemption reporting. This file is being provided by our office to assist you in your exemption reporting process. If you choose to not use the file provided by NPERS and you are a:
 - Paper or disk reporter – you can send a report of exemption information for our office to enter. This report must include name, social security number or retirement number, and exemption A, B, or C for each employee being reported.
 - Online reporter – you can manually enter your exemption information through the website.

Miscellaneous

Hours - With summer here, keep in mind that hours should not be reported unless an employee is actually providing service during the summer months.

Contract Payouts/Lump Sums – Please keep us informed of the breakdown of lump sum payouts for departing employees. NOTE: Retiree benefits will not be paid any sooner because the final pay is lump sum.

Addresses – Please report updated member addresses as you receive them. Be sure to handle **new employees** as if they have had an address change. The following methods should be used to report new addresses:

- ✓ **Paper reporters**: Include the new information on the Wage & Contribution Report in the “Changes/Corrections to Demographics Information” column.
- ✓ **Disk reporters and online reporters who upload their file**: A date of address change must be included, and it must be a date within the reporting period. For example, if you are reporting an address change on the June 2006 report, the date of address change must be between June 1, 2006 and June 30, 2006. If this date is not included or is not within the reporting period, the system will not recognize the address change.
- ✓ **Online reporters who copy forward**: The address should be changed through the Edit Member Records function.

NOTE: Enclosed are the GASB 27 cover letter and sample disclosure. These are for your use and do not need to be returned to NPERS.

Contact US

Sheryl Hesseltine at (402) 471-9497 or e-mail shesselt@npers.ne.gov, or
Linda Davis at (402) 471-6098 ldavis@npers.ne.gov.